

Europe keeps close eye on shifts in US export control policy

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Whenever European businessmen gather to quiz American officials about Soviet-Western trade in technology, they always ask one leading question: Who is going to win, Commerce or Defense?

Then, having asked the question, they always root for US Department of Commerce "doves" over Defense Department "hawks."

At one such recent conference — the ground rules preclude exact identification of it — some top-flight British and other businessmen heard both good news and bad, from their point of view.

The good news was that Congress looks set to go ahead with a new export administration act next month that will be more pro-Commerce than pro-Defense. The bad news was the blunt announcement that the greatly expanded Defense Department involvement in vetting Western exports to the Soviet Union will still be maintained.

The Commerce Department holds that hardware and know-how that are not demonstrably military should not be prohibited from export to the Soviet Union.

The Defense Department holds that industrial technology with any conceivably military application should be subject to Defense Department veto before being exported to the Soviet Union. The Commerce Department, which is the government agency with primary jurisdiction in the field, has been taking a tougher line in issuing export licenses in the past year or so, partly in an effort to wrest back powers from Defense.

But the Defense Department, which has expanded its export monitors from four to 74 in the Reagan administration and produced \$30 million to fund a highly publicized customs crackdown on technology exports, is in no mood to surrender the powers it has developed under the activist leadership of Assistant Secretary of Defense Richard Perle.

The presumed readiness of the new Congress to proceed at last with legislation to replace the export control act that expired last March results, in Byzantine fashion, from resurgent congressional interest in opposing apartheid in South Africa.

A subsection calling for sanctions against new investments and bank loans to the South African government that was tucked into the House of Representatives' export-act draft will probably be removed and attached to another bill (and passed), according to a member of the subcommittee on international economic policy and trade. In a tradeoff this should clear the way for Sen. Ja-

cob Garn (R) of Utah to withdraw his insistence on strengthening Defense review powers in the Senate export-act legislation. If all goes as expected, a compromise Senate-House version of export legislation could then be passed.

This would relieve European businessmen, who have been operating in the dark for a year. The uncertainty about United States regulations has meant Europeans could not contract to sell much American-licensed technology to the Soviet Union for fear the US might retroactively ban such sales — and then penalize any European firm that fulfilled its contract by barring it from access to future American technology.

The uncertainty has also meant that American firms have begun censoring themselves, sharing less information with Western European colleagues — and that applications for export licenses now drag on interminably.

A British businessman at the London conference related privately that an American firm he deals with is already so restricted it can offer its Western European partners no technology newer than five years old.

British subscribers to IBM are disturbed by a letter from IBM a year or so ago requiring that any transfer of purchased or leased IBM equipment even within the United Kingdom (and even including what one businessman called the "Model Ts" of computers) get prior US government approval.

The Defense Department's retort to all the gripes is that European companies know that certain restraints come with American licenses, and if customers don't like the restrictions, they don't have to buy America's superior technology. Europeans, however, tend to view many of the bans as disguised protectionism to give American producers an advantage.

The ongoing feud between the Defense Department and American as well as European exporters does not concern the top line of high technology. In this area the participating members of the Coordinating Committee for Multilateral Export Controls hammered out an agreement on an updated embargo list of computers and other technologies that was published last month. The feud concentrates instead on intermediate technology (such as the gas pipeline compressors the US vainly tried to block Europeans from exporting to the Soviet Union in 1982).

The European argument, quoting former Central Intelligence Agency deputy director Bobby Inman, is that the bulk of critical military technology that gets to the Soviet Union — some 70 percent — leaks illegally. It would make much more sense to focus enforcement on this diversion rather than to harass legitimate businesses, they contend.

In gray-zone technologies they say the critical concern is to maintain the West's five- to eight-year technological lead time over the Soviet Union. They say this can best be done not by imitating Soviet suspiciousness and secrecy, but by maintaining as vigorous and open an exchange of technology as possible in the West.